



**THULAMELA MUNICIPALITY  
APPROVED BUDGET  
2014/2015  
&  
SUPPORTING DOCUMENTATION**

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# PART 1

## 2. ANNUAL BUDGET

### 2.1 Executive Summary

The budget summary in Table A1 shows the following:

- Total Revenue for 2014/2015 financial year is R883m of which R533m is for Grants and R305m is own funding and R45m is a loan from DBSA.
- Total operating expenditure is R450m but it includes R29m for repairs and maintenance.
- Total Capital expenditure is R332m. The capital projects will be funded by grants of R141m and own funding of R191m.

### 2.3 Annual budget tables

The A1 Schedule Municipal budget includes the following:

- Table A1 Budget Summary
- Table A2 Budgeted Financial Performance (revenue & expenditure by standard classification)
- Table A4 Budgeted Financial Performance (revenue & expenditure by municipal vote)
- Table A5 Budgeted capital expenditure by vote standard classification & funding
- Table A6 Budgeted Financial Position
- Table A7 Budgeted Cash Flows
- Table A8 Cash backed reserves/ accumulated surplus reconciliation
- Table A9 Asset Management
- Table A10 Basic service delivery measurement

# PART 2

## 3. SUPPORTING DOCUMENTATION

### 3.1 Overview of annual budget process

- **Planning** – Thulamela Municipality used Budget circulars received from National Treasury and approved budget policies when preparing its annual budget.
- **Consultation** – The communities will be informed about public participation and the draft capital and operational budget, draft tariffs and

draft IDP will be presented and key note will be taken out of that consultative forums. All nine municipal nodal point will be consulted and their feedback will be considered.

### **3.2 Overview of alignment of annual budget with IDP**

- The Annual budget has been aligned with IDP. The budget has been aligned to the IDP as detailed on table SA4 to SA6

### **3.3 Overview of the budget-related policies**

The budget related policies of 2013/2014 financial year will be used in 2014/2015 financial year. No changes has been made.

### **3.4 Overview of budget Assumptions**

The inflation rate forecasts as per MFMA circular no.72 issued by National Treasury has been used on the MTERF. The maximum of 6.2% growth rate was used on the tariffs and 6.79% on salaries. However some tariffs are based on cost recovery. The method used on Capital Budget is zero based budgeting.

### **3.5 Budget Related Resolutions**

The following budget resolutions are recommended for approval by council:

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of Thulamela municipality for the financial year 2013/14; and indicative allocations for the two projected outer years 2014/15 and 2015/2016.

**And single year capital appropriations are approved as set-out in the following tables:**

- 1.1 Budgeted Financial Performance (revenue and expenditure by standard classification)
  - 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote)
  - 1.3 Budgeted Financial Performance (revenue by source and expenditure by type)
  - 1.4 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source
2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:
    - 2.1 Budgeted Financial Position.
    - 2.2 Budgeted Cash Flows
    - 2.3 Cash backed reserves and accumulated surplus reconciliation
    - 2.4 Asset management

## 2.5 Basic service delivery measurement

3. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of water, waste services, sanitation services and property rates as set out in Budget Document, and that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2013.
4. That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 are approved.
5. That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the amendments to the integrated development plan are approved.
6. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003, the budget-related policies, including any amendments as set out in Budget Chapters 19 are approved for the budget year 2013/2014.

## 3.6 Overview of budget funding

- Our budget is funded by Equitable Share, Conditional Grants, Own Revenue and Loan, and it is summarized as follows:

Equitable Share	338,467,000
Conditional Grants	194,731,000
Own Revenue	305,442,422
Loan	45,000,000
<b>TOTAL FUNDING</b>	<b>883,640,422</b>

## 3.7 Councilor allowances and employees benefits

- The councilor allowances have been prepared in line with SALGA Gazette, while the employees benefits were done considering 6.79% salary increase with effect from 01<sup>st</sup> of July 2014.

## 3.8 Monthly targets for revenue, expenditure and cash flows

- The above monthly targets has been outlined on SA25 to SA30 on Schedule A1.

### **3.9 Legislation Compliance Status**

- Thulamela Budget has been prepared in line with the applicable legislation that is MFMA, DORA, Treasury Regulation and circulars issued by National Treasury.